

# What Are Transportation Impact Fees?

- **One time charges** paid by new development
- Authorized by the **1990 GMA** as a funding source for transportation improvements
- Funds improvements that **add capacity** to the transportation network
- Transportation impact fees can only be used to fund facilities that serve new growth, **not for existing deficiencies**

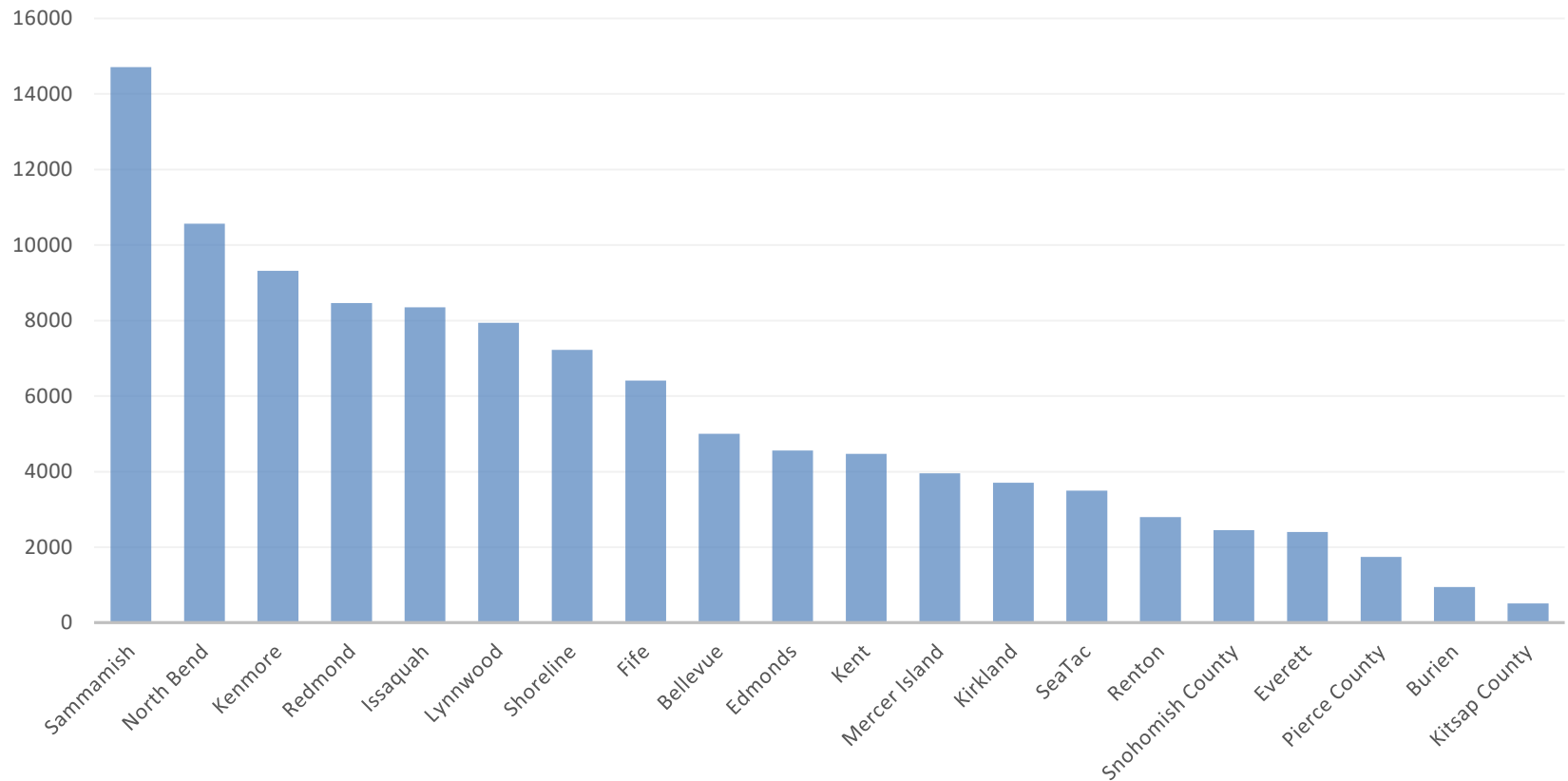


# What Are Transportation Impact Fees?

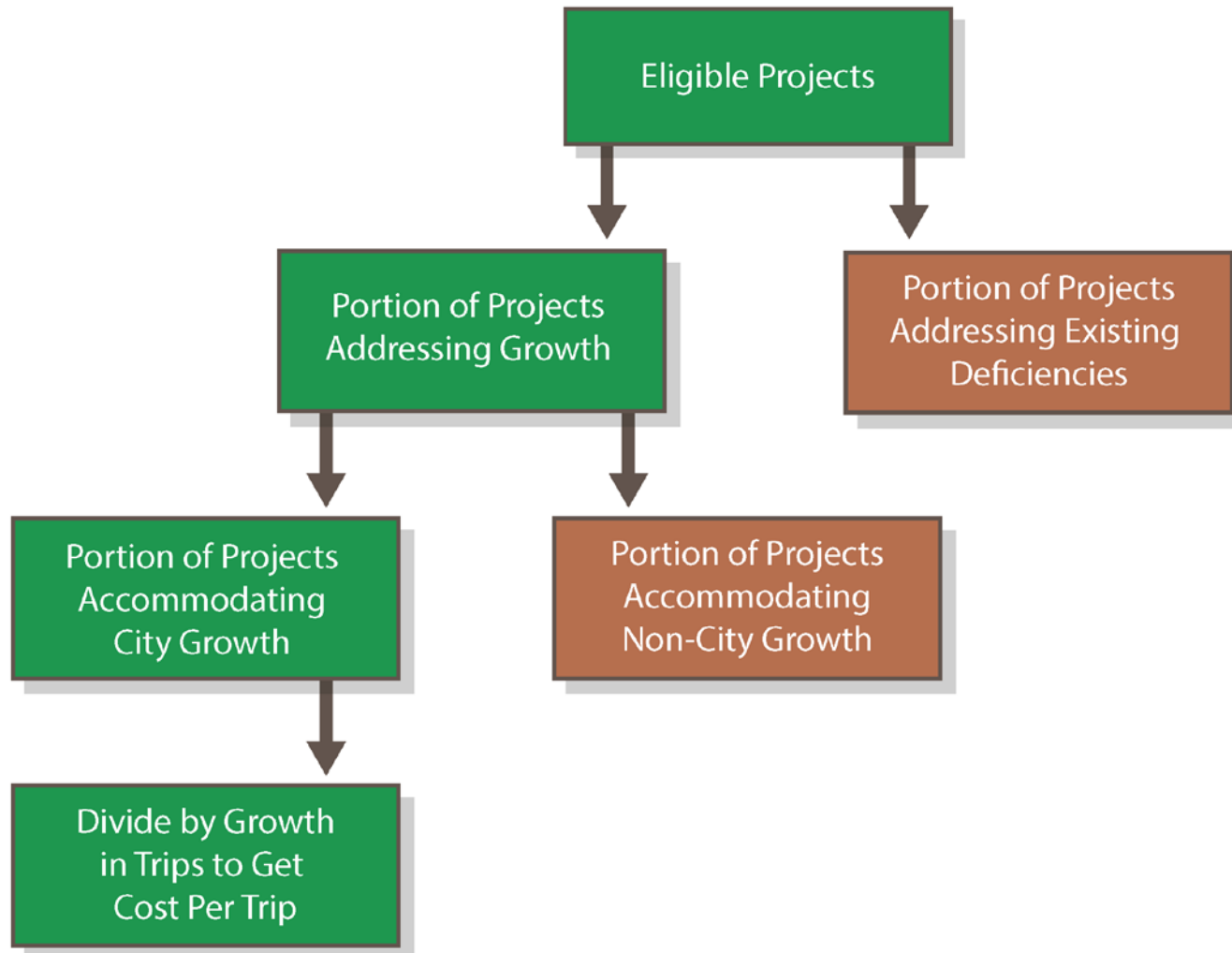
- Must be used **within 10 years** on **public streets and roads**
- Projects must be in the **capital facilities element** of a comprehensive plan
- Some communities have begun funding more **multimodal projects** with transportation impact fees
- **Alternative to SEPA mitigation** for 'system improvements'



# Most urban jurisdictions have them, but rates vary widely



# Cost Allocation Methodology





# Shifting our focus to Seattle...





# Eligible Projects

Sources:

Bicycle Master Plan

Freight Master Plan

Pedestrian Master Plan

Move Seattle Plan

Capital Improvement Program

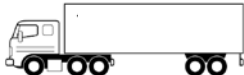
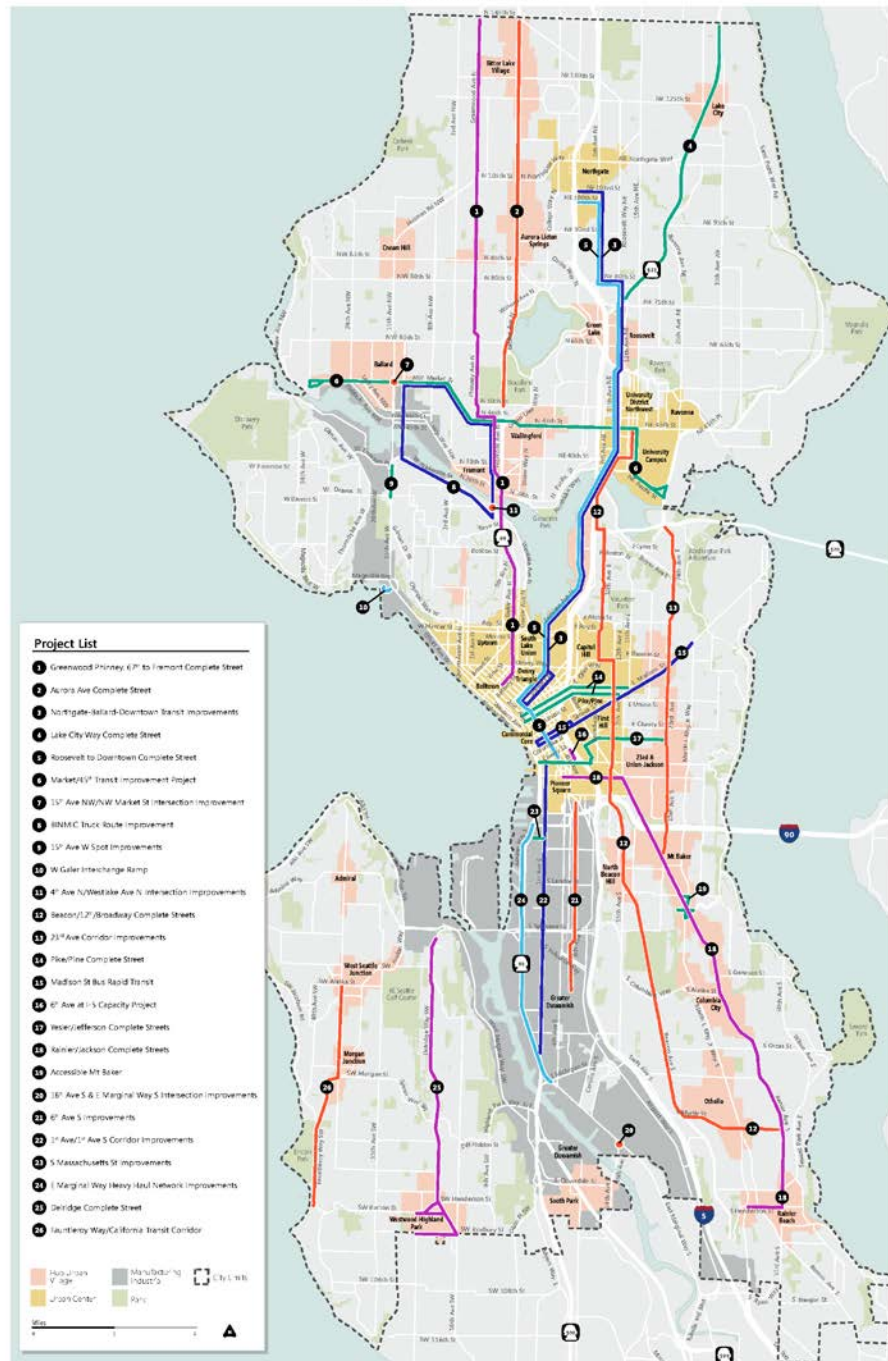
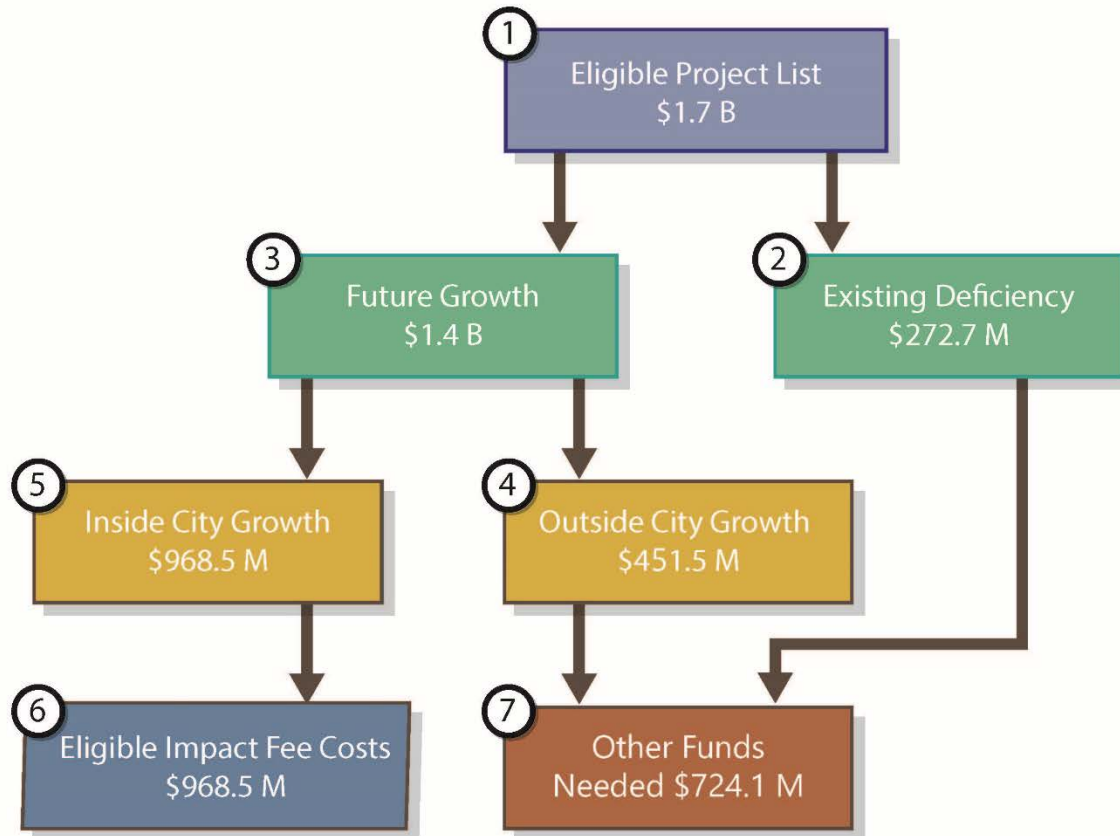


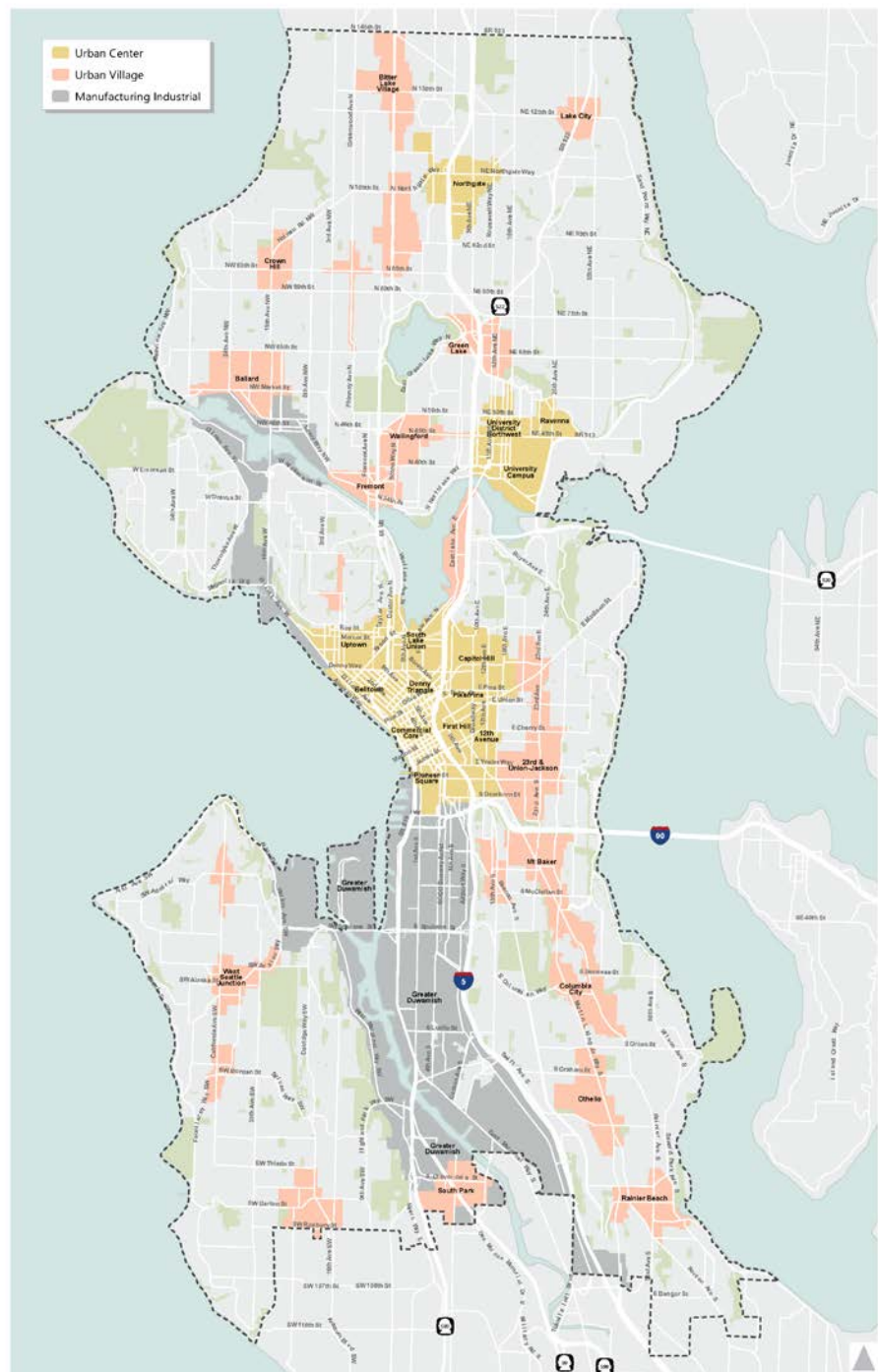
Figure 2. Proposed Projects



# Cost Allocation Methodology



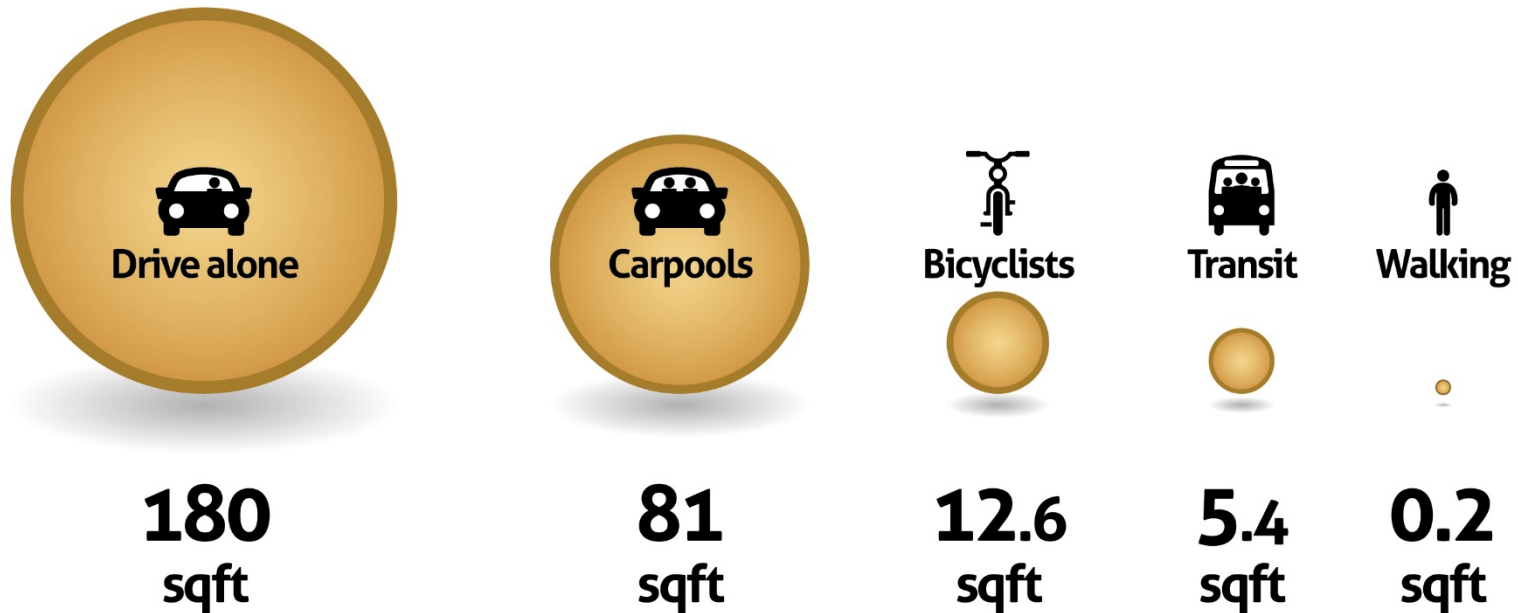
- Fees could vary by area of the city in recognition of how transportation impacts are different
- Urban Centers, Urban Villages, and areas nearby rail generate fewer auto trips, given greater densities and transit availability





# Mode Share LOS

Relative footprint of a person trip by mode



# Developing the Fee Schedule

- Translates “cost per trip” to actual land uses
- Basis is PM peak hour person trip generation
- City council can define land uses
- Adjustments recommend for Urban Centers, Urban Villages, and areas near light rail to account for lower drive alone percentages

Land Use Group	ITE Code	ITE Land Use Category	PM Peak Vehicle Trip Rate <sup>1</sup>	Vehicle to Person Trip Ratio <sup>2</sup>	PM Peak Person Trip Rate	% New Trips <sup>3</sup>	Net New Person Trips per Acre <sup>4</sup>	Cost of New Trips <sup>5</sup>	Cost of Light Rail Station <sup>6</sup>	Cost of Light Rail Station <sup>6</sup>	Cost of Light Rail Station <sup>6</sup>	Cost of Light Rail Station <sup>6</sup>	Cost of Light Rail Station <sup>6</sup>
Industrial	100	Light Industrial	0.03		0.06	100%	0.06	1,000 sq ft	\$0.06	\$7.17	\$7.14	1,000 sq ft	
	140	Manufacturing	0.07	1.00	0.70	100%	0.70	1,000 sq ft	\$0.70	\$7.45	\$7.45	1,000 sq ft	
	150	Warehouse	0.10		0.10	100%	0.10	1,000 sq ft	\$0.10	\$0.15	\$0.15	1,000 sq ft	
	210	Single Box & House	0.09		1.44	100%	1.44	1,000 sq ft	\$10.50	\$11.33	\$11.33	1,000 sq ft	
Residential	200	Medium-Density Housing (Row House)	0.40		0.01	100%	0.01	1,000 sq ft	\$0.01	\$0.01	\$0.01	1,000 sq ft	
	220	Medium-Density Housing (Detached)	0.44	1.45	0.30	100%	0.30	1,000 sq ft	\$4.73	\$5.13	\$5.13	1,000 sq ft	
	230	Medium-Density Housing (Single-Family)	0.36		0.36	100%	0.36	1,000 sq ft	\$3.07	\$3.07	\$3.07	1,000 sq ft	
	See Note 1	Residential (Other)	N/A		0.00	100%	0.00	1,000 sq ft	\$4.50	\$4.50	\$4.50	1,000 sq ft	
Multi-Use Center/Node	231	1st Floor Center (Retail, Mid-Rise Office)	0.36	1.45	0.36	100%	0.36	1,000 sq ft	\$3.07	\$3.07	\$3.07	1,000 sq ft	
	232	1st Floor Center (Retail, Mid-Rise Office)	0.36		0.36	100%	0.36	1,000 sq ft	\$3.07	\$3.07	\$3.07	1,000 sq ft	
Retail	300	Retail	0.05	1.45	0.07	100%	0.07	1,000 sq ft	\$0.07	\$0.07	\$0.07	1,000 sq ft	
	320	Minor	0.39		0.39	100%	0.39	1,000 sq ft	\$4.00	\$4.00	\$4.00	1,000 sq ft	
	400	Major	0.21		0.21	100%	0.21	1,000 sq ft	\$2.00	\$2.00	\$2.00	1,000 sq ft	
	440	Minor Theater	0.09	1.25	0.11	100%	0.11	1,000 sq ft	\$0.11	\$0.11	\$0.11	1,000 sq ft	
Recreation	400*	Health/Recreation Club	3.45		4.31	100%	4.31	1,000 sq ft	\$32.00	\$45.46	\$45.46	1,000 sq ft	
	500	Public Elementary School	1.37	1.25	1.73	100%	1.73	1,000 sq ft	\$13.89	\$19.25	\$19.25	1,000 sq ft	
	520	Public High School	0.27		1.18	100%	1.18	1,000 sq ft	\$9.70	\$13.46	\$13.46	1,000 sq ft	
	550	University/College	3.17	1.22	1.43	100%	1.43	1,000 sq ft	\$10.59	\$15.05	\$15.05	1,000 sq ft	
Office	710	General Office	1.15		1.4	100%	1.4	1,000 sq ft	\$10.41	\$14.79	\$14.79	1,000 sq ft	
	715	1-Tenant Office	1.71	1.22	2.09	100%	2.09	1,000 sq ft	\$16.40	\$23.28	\$23.28	1,000 sq ft	
	720	Medical/Health Office	2.40		4.22	100%	4.22	1,000 sq ft	\$31.32	\$44.50	\$44.50	1,000 sq ft	
	820	Shopping Center	2.09		4.76	95%	3.54	1,000 sq ft	\$27.32	\$38.14	\$38.14	1,000 sq ft	
Retail/Service	850	Supermarket	2.24	1.25	11.55	95%	7.39	1,000 sq ft	\$54.64	\$77.23	\$77.23	1,000 sq ft	
	870	Convenience Market/24 Hr	2.11		49.30	95%	30.09	1,000 sq ft	\$231.17	\$321.10	\$321.10	1,000 sq ft	
	910	Drive-In Bank	20.45		25.56	95%	16.60	1,000 sq ft	\$125.20	\$175.56	\$175.56	1,000 sq ft	
	920	Restaurant (Full-Service)	2.77	1.25	12.21	95%	6.90	1,000 sq ft	\$51.65	\$73.30	\$73.30	1,000 sq ft	
Restaurants/Drinking	930	Fast Food, Drive-In	2.07		40.04	95%	20.42	1,000 sq ft	\$151.49	\$211.25	\$211.25	1,000 sq ft	
	940	Auto Care Center	4.91		15.14	100%	15.14	1,000 sq ft	\$45.54	\$64.70	\$64.70	1,000 sq ft	
	945	Gas Station	14.03	1.25	17.54	100%	10.17	1,000 sq ft	\$75.45	\$107.23	\$107.23	1,000 sq ft	
	945	Gas Station with convenience	13.90		17.49	95%	7.69	1,000 sq ft	\$57.07	\$81.15	\$81.15	1,000 sq ft	

# Transportation Capital Funding Review

**Presentation to the Seattle City Council  
Sustainability and Transportation Committee  
August 6, 2019**



# Questions

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- How do Seattle and other jurisdictions fund their transportation capital improvements?
- How do these funding strategies impact cost burdens to households at different income levels?
- How does cost burden differ in jurisdictions that emphasize impact fees as a revenue stream?



# Approach: Capital Funding

- Review capital improvement programs (CIPs) for Seattle and comparison jurisdictions to:
  - Identify transportation capital revenue sources
  - Identify funded transportation expenses

## Common Revenue Sources

### General fund taxes

- Property
- Sales
- Business and occupation

### Federal and state grants

### REET I and II

### Transportation impact fees

### Debt and bond proceeds

### Levies or other local funds

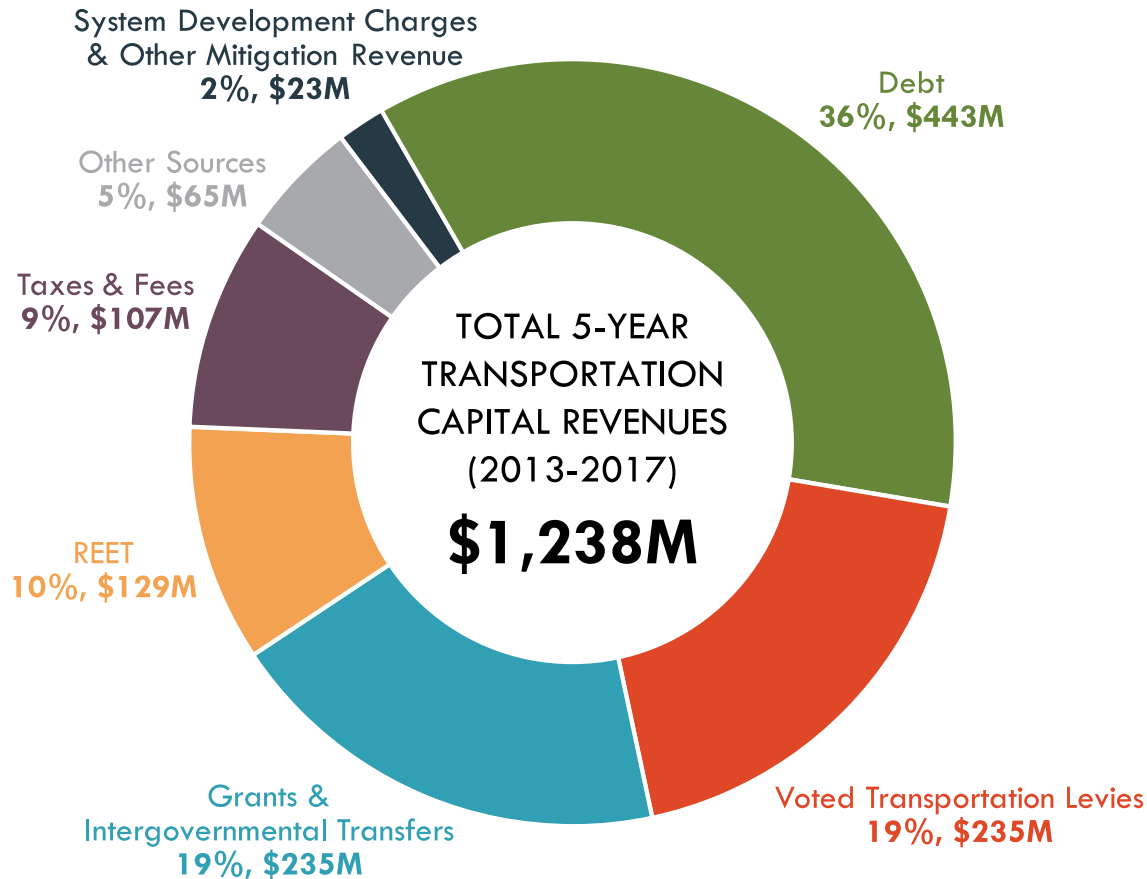
### Transportation Benefit District

- Vehicle Licensing Fees
- Sales Tax

### Gas tax

# I. Transportation Capital Funding in Seattle and Comparison Jurisdictions

# Seattle Transportation Capital Revenues



**Voted transportation levies:** *Move Seattle*

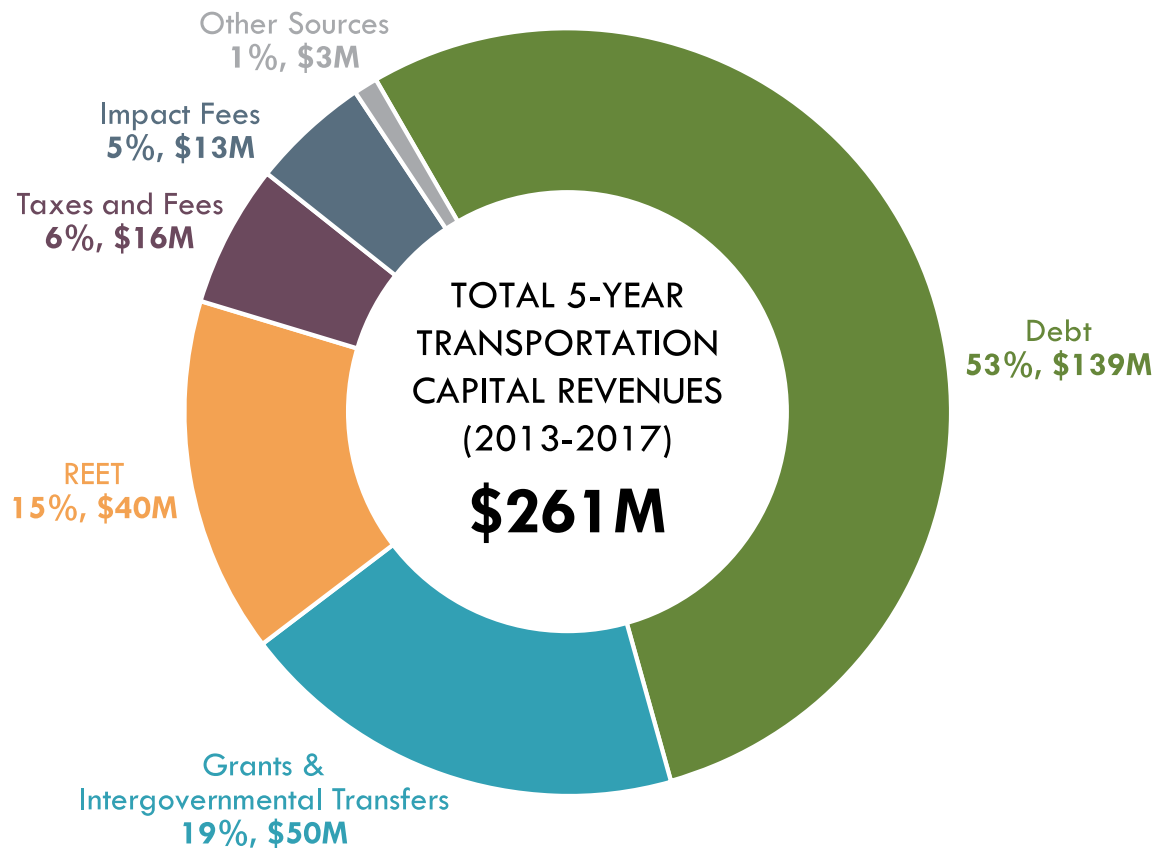
**Grants/Intergovernmental transfers:** *Federal, State, County, Sound Transit*

**REET:** *Real Estate Excise Tax I and II*

**Taxes and Fees:** *User fees and camera ticket fees; drainage/wastewater fees*

**Transportation Benefit District:** *Vehicle Licensing Fees*

# Bellevue Transportation Capital Revenues



**Grants/Intergovernmental transfers:** Grants, State shared revenue, Interlocal contributions, Transfer from other City funds

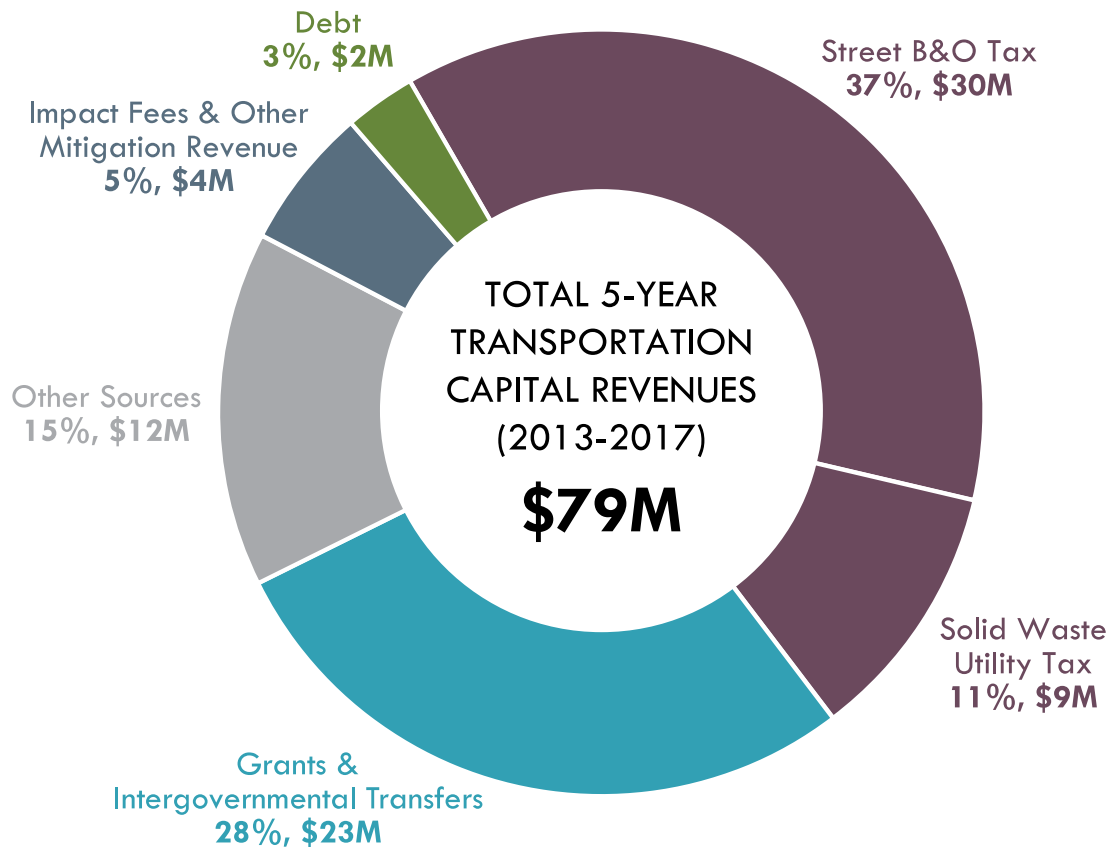
**Taxes and fees:** Property tax, Sales tax, B&O tax, Annexation sales tax

**Impact fees:**  
Transportation impact fees

**Other sources:**  
Rents/leases, Private contributions



# Kent Transportation Capital Revenues

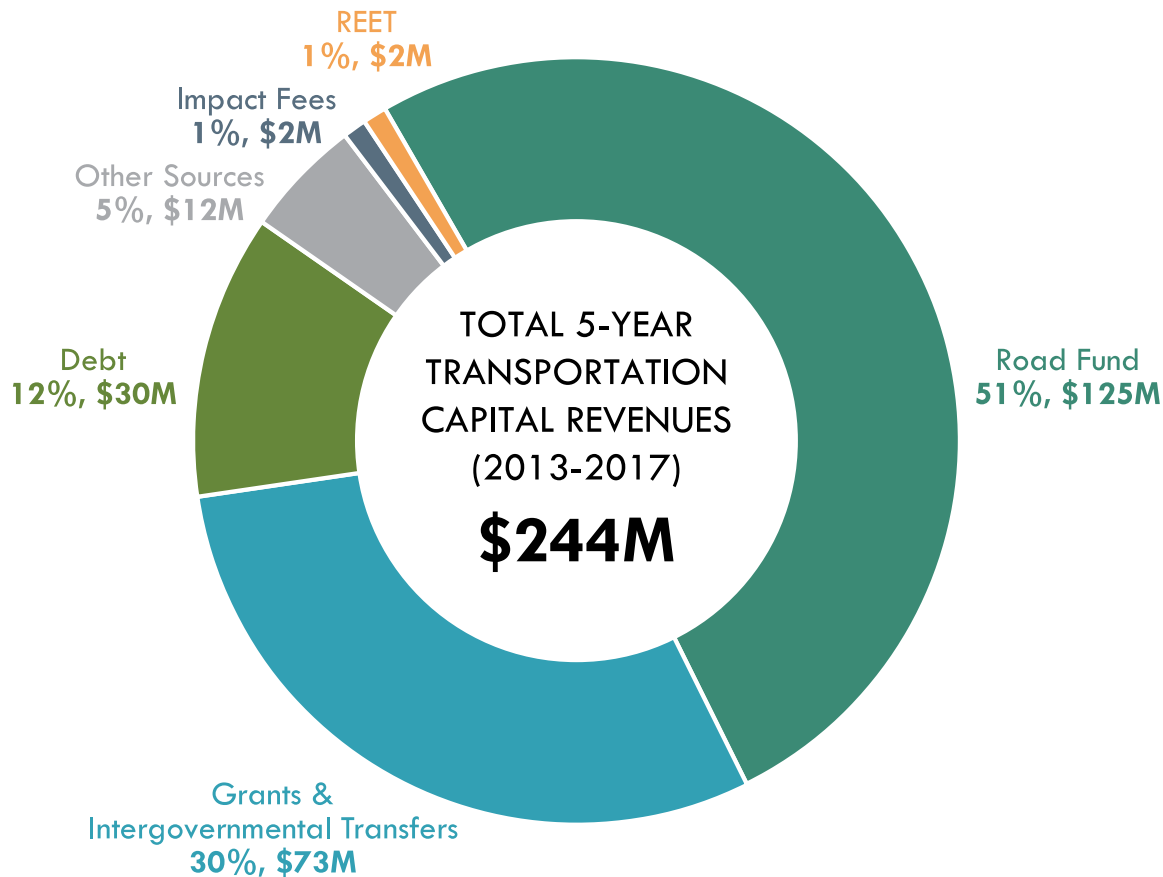


**Taxes and Fees:** *Street B&O tax, Solid waste utility tax*

**Impact Fees & Other Mitigation Revenue:** *Transportation impact fees, Mitigation funds*

**Other Sources:** *Misc. charges and investments, General Fund, Other Street Funds, Local Improvement District funds*

# King County Transportation Capital Revenues

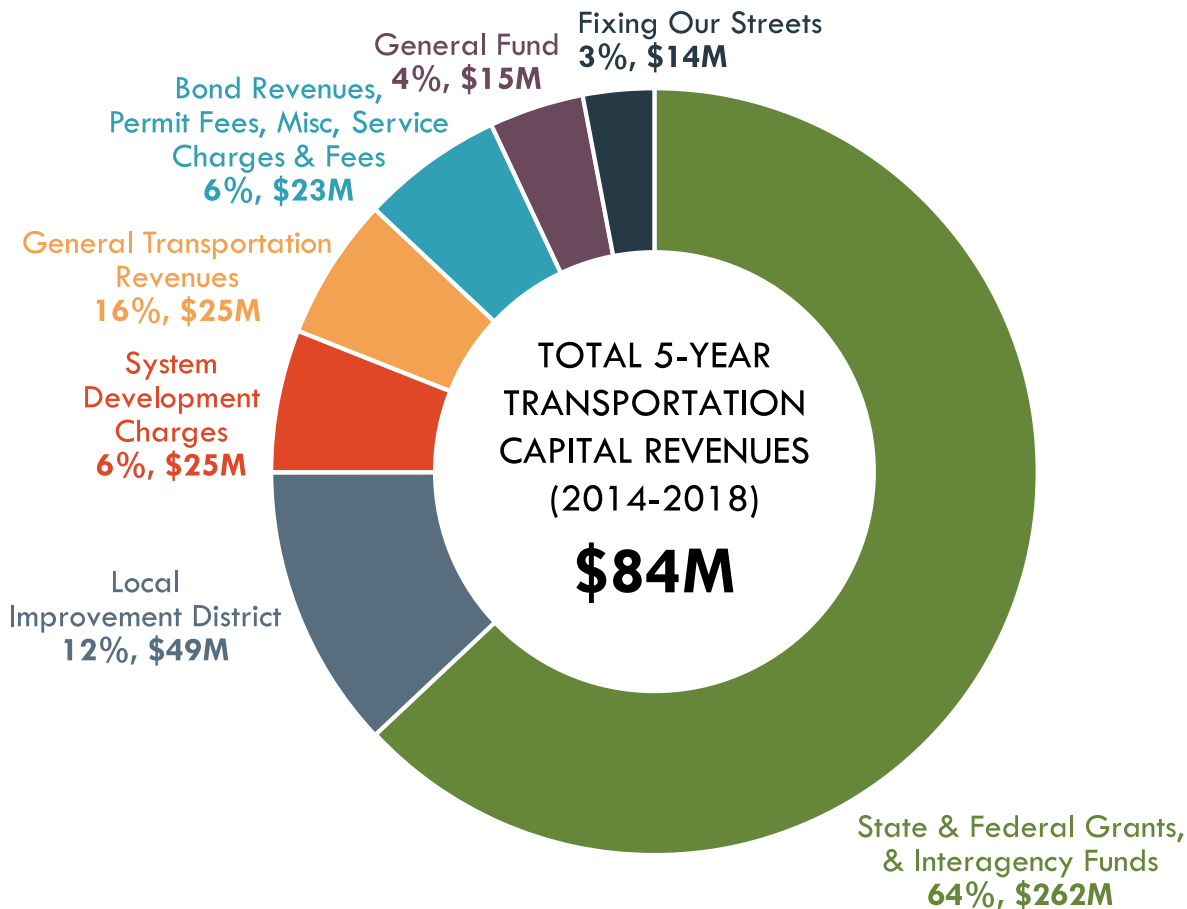


**Road Fund:** Property tax (unincorporated areas of King County), State gas tax (MVFT), General county contributions

**Transportation Impact Fee:** No longer used as of 2017

**Other sources:** Sale of land, Miscellaneous

# Portland Transportation Capital Revenues



**6% of revenue (\$25 Million)** comes from system development charges (similar to impact fees)

# Per Capita Transportation Capital Spending

	Average Annual transportation Capital Spending	Average Annual Population	Average Annual Per Capita Transportation Capital Spending
<b>Seattle</b>	\$261,006,180	666,000	\$392
<b>Bellevue</b>	\$52,136,174	136,320	\$382
<b>Kent</b>	\$13,804,000	123,280	\$112
<b>Unincorporated King County</b>	\$48,736,514	250,282	\$195
<b>Portland*</b>	\$83,526,414	629,966	\$133

\* Use caution when comparing results in Portland to Seattle since transportation capital projects are funded, organized, and reported differently in Oregon.

Sources: OFM, 2018; City of Seattle, 2018; City of Bellevue, 2018; City of Kent, 2018; City of Tacoma, 2018; King County, 2018; City of Portland, 2014-2018; BERK, 2018.



## II. Transportation Capital Cost Burden Analysis

# Approach: Define Household Types

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- **Upper middle-income homeowner household**

- ☐ Income: 150% of Area Median Income (AMI)
- ☐ Owner of median price single family home (based on jurisdiction)
- ☐ Owns two cars

- **Moderate-income renter household**

- ☐ Income: 80% of AMI
- ☐ Rents typical apartment in a newer building, built year 2000 or after
- ☐ Owns one car

- **Low-income renter household**

- ☐ Income: 50% of AMI
- ☐ Rents typical apartment in an older building, built prior to year 2000
- ☐ Owns one car

# Identify Costs to Households

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## Direct Costs

- *Ongoing or annual taxes and fees paid directly by households:*
  - ❑ **Property taxes\***
  - ❑ **Vehicle fees**
  - ❑ **Gas tax**
  - ❑ **Sales tax on household consumption**
- **\*For renters:** Assumes property taxes passed on in full on a per unit basis

## Potential Indirect Costs

- *Revenue from taxes or fees on development and real estate transactions:*
  - ❑ **Impact fees**
  - ❑ **REET**
- Can raise the cost of housing
- Potentially passed onto households through increased housing costs

# Revenues not considered in cost burden

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- **Federal and state grants**

- ❑ Irregular and associated with state or federal taxes that are paid by all

- **MVET**

- ❑ Regional Transit Authority Motor Vehicle Excise Tax
  - ❑ Applies to Sound Transit; revenues are not directed toward cities and counties

- **SEPA mitigation:**

- ❑ May impact housing costs but do not have a standard rate schedule

- **Sales tax on construction:**

- ❑ Another potential indirect cost - Not calculated

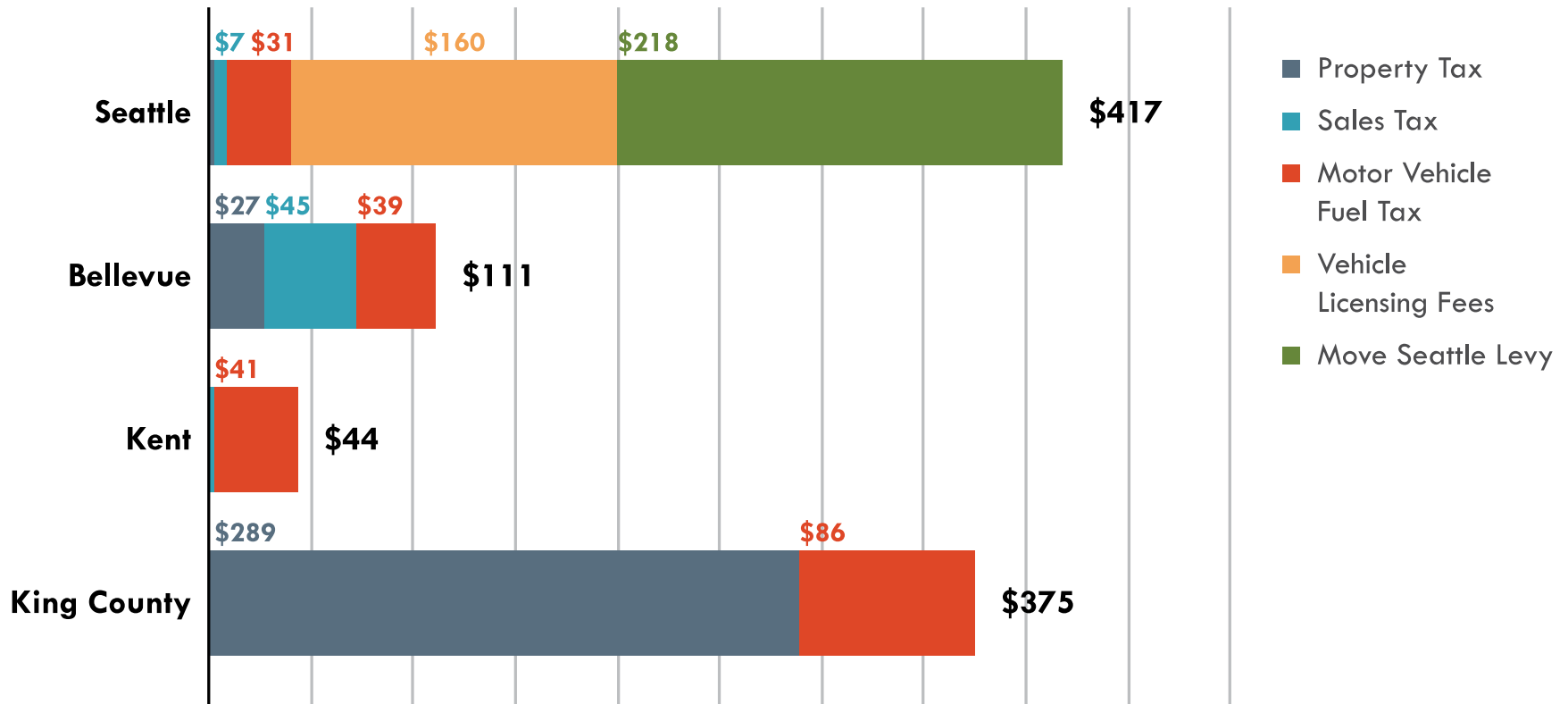
- **Some LTGO Debt**

- ❑ CIPs do not clearly indicate revenue sources for paying off debt. It is possible some of these debt payments are not accounted for.



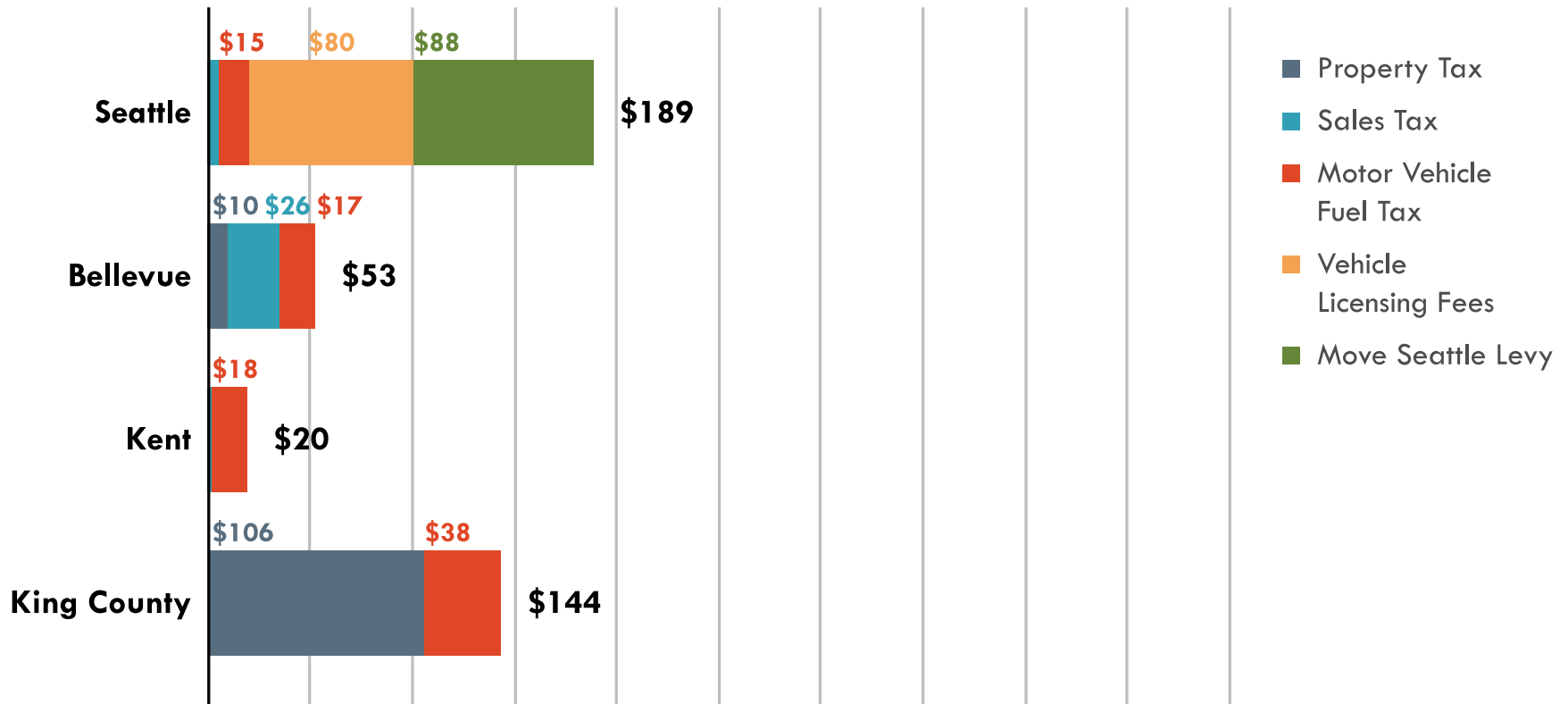
# Direct Cost Burden: Upper Middle-Income

## Upper Middle-Income Household Direct Cost Burden (2018)



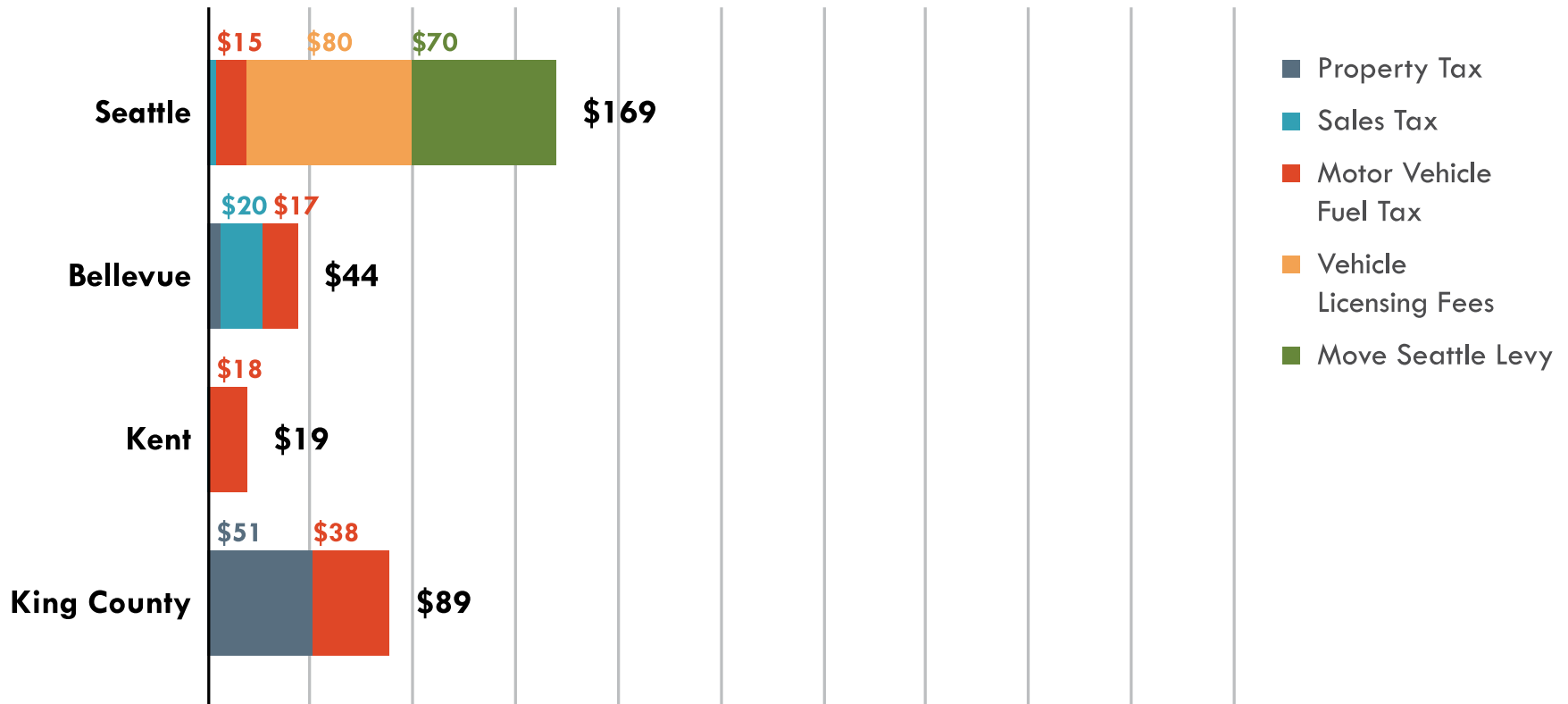
# Direct Cost Burden: Moderate-Income

## Moderate-Income Household Direct Cost Burden (2018)



# Direct Cost Burden: Low-Income

## Low-Income Household Direct Cost Burden (2018)



# Comparison: Direct Household Costs

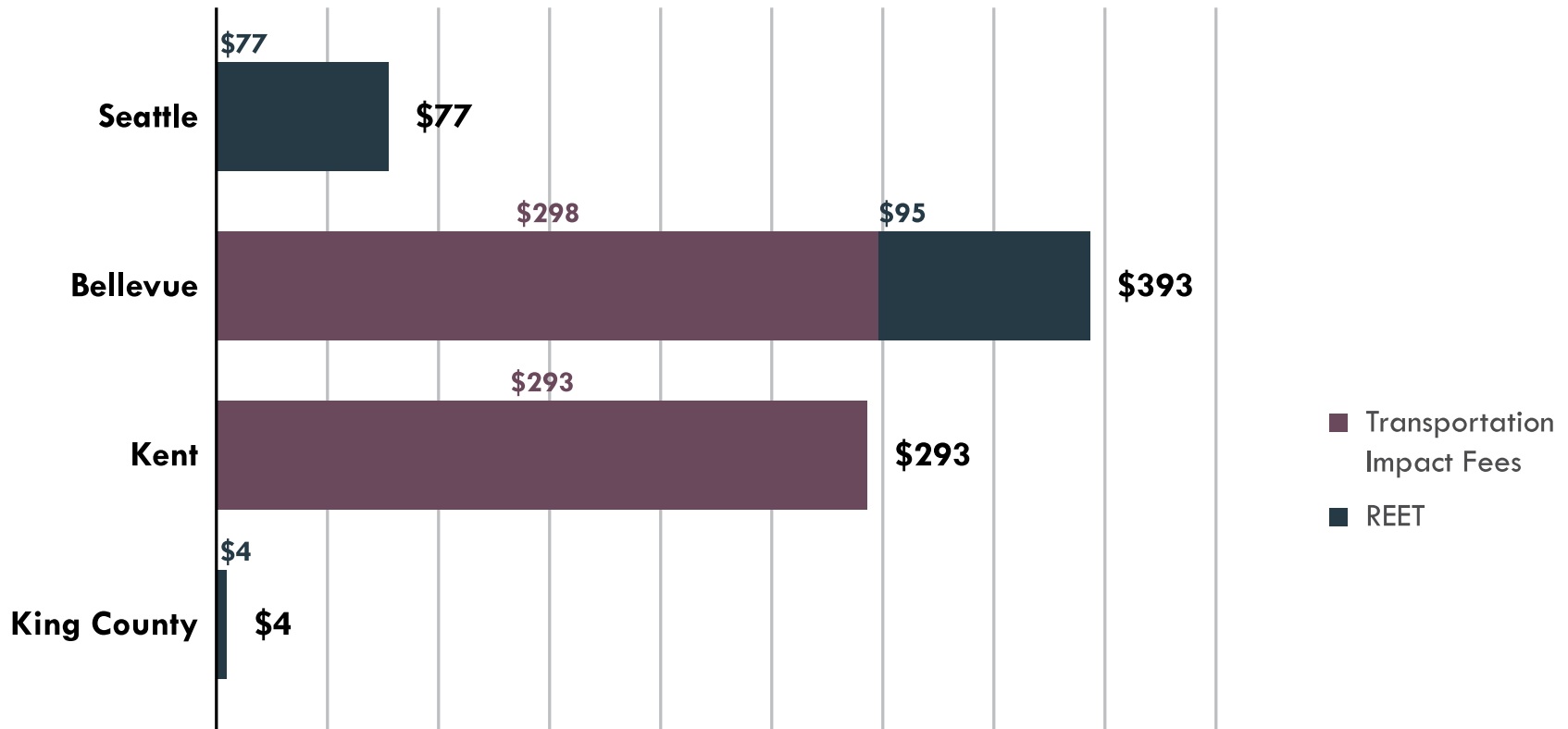
## Estimated Direct Annual Household Cost Burden for Transportation Capital Projects, 2018

	Upper Middle Income	Moderate Income	Low Income
Seattle	\$417	\$189	\$169
Bellevue	\$111	\$53	\$44
Kent	\$44	\$20	\$19
Unincorporated King County	\$375	\$144	\$89

Sources: OFM, 2018; City of Seattle, 2018; City of Bellevue, 2018; City of Kent, 2018; City of Tacoma, 2018; King County, 2018; BERK, 2018.

# Potential Indirect Costs: Upper-Middle Income (Owner)

## Potential Indirect Costs to Upper Middle-Income Owner Households (2018)



# Potential Indirect Costs: Moderate-Income (Renter)

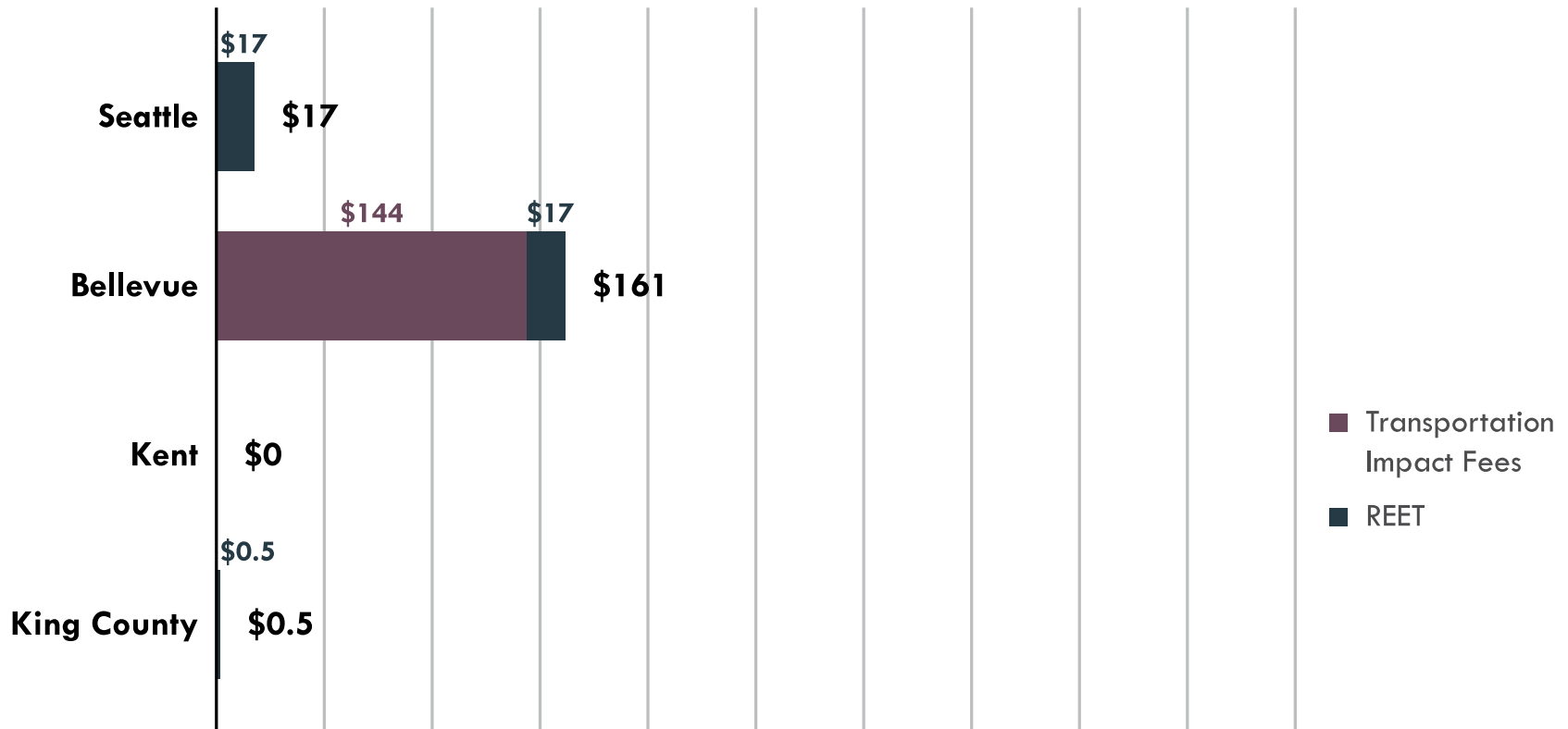
## Potential Indirect Costs to Moderate-Income Renter Households (2018)



# Potential Indirect Costs: Low-Income

(Renter)

## Potential Indirect Costs to Low-Income Renter Households (2018)





# Comparison: Potential Indirect Costs Only

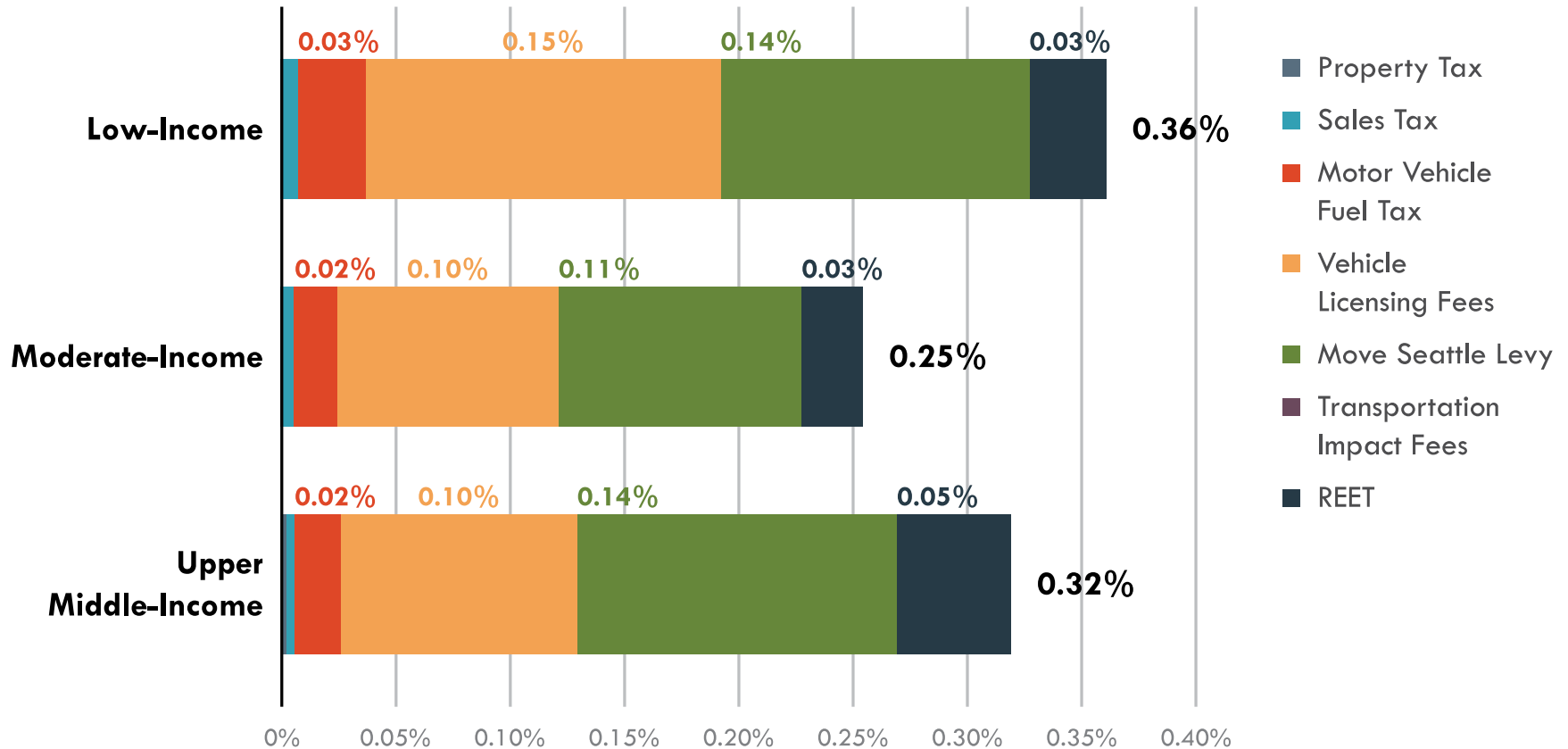
## Estimated Potential Indirect Annual Household Cost Burden for Transportation Capital Projects, 2018

	Upper Middle Income	Moderate Income	Low Income
Seattle	\$77	\$22	\$17
Bellevue	\$393	\$169	\$161
Kent	\$293	\$139	\$0
Unincorporated King County	\$4	\$1	\$0.5

Sources: OFM, 2018; City of Seattle, 2018; City of Bellevue, 2018; City of Kent, 2018; City of Tacoma, 2018; King County, 2018; BERK, 2018.

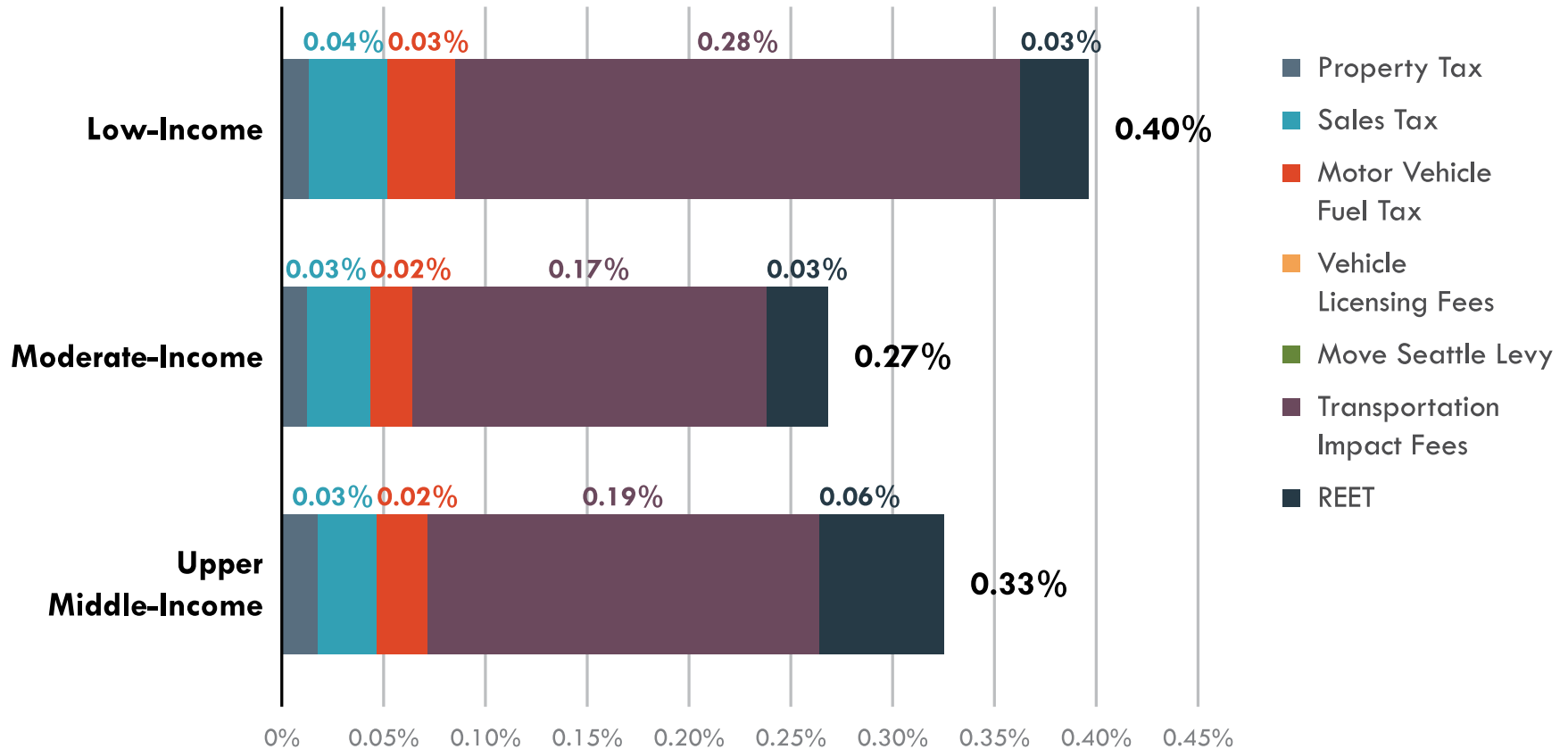
# Total Potential Cost Burden: Seattle

## Total Potential Cost Burden as % of Household Income by Household Type (2018)



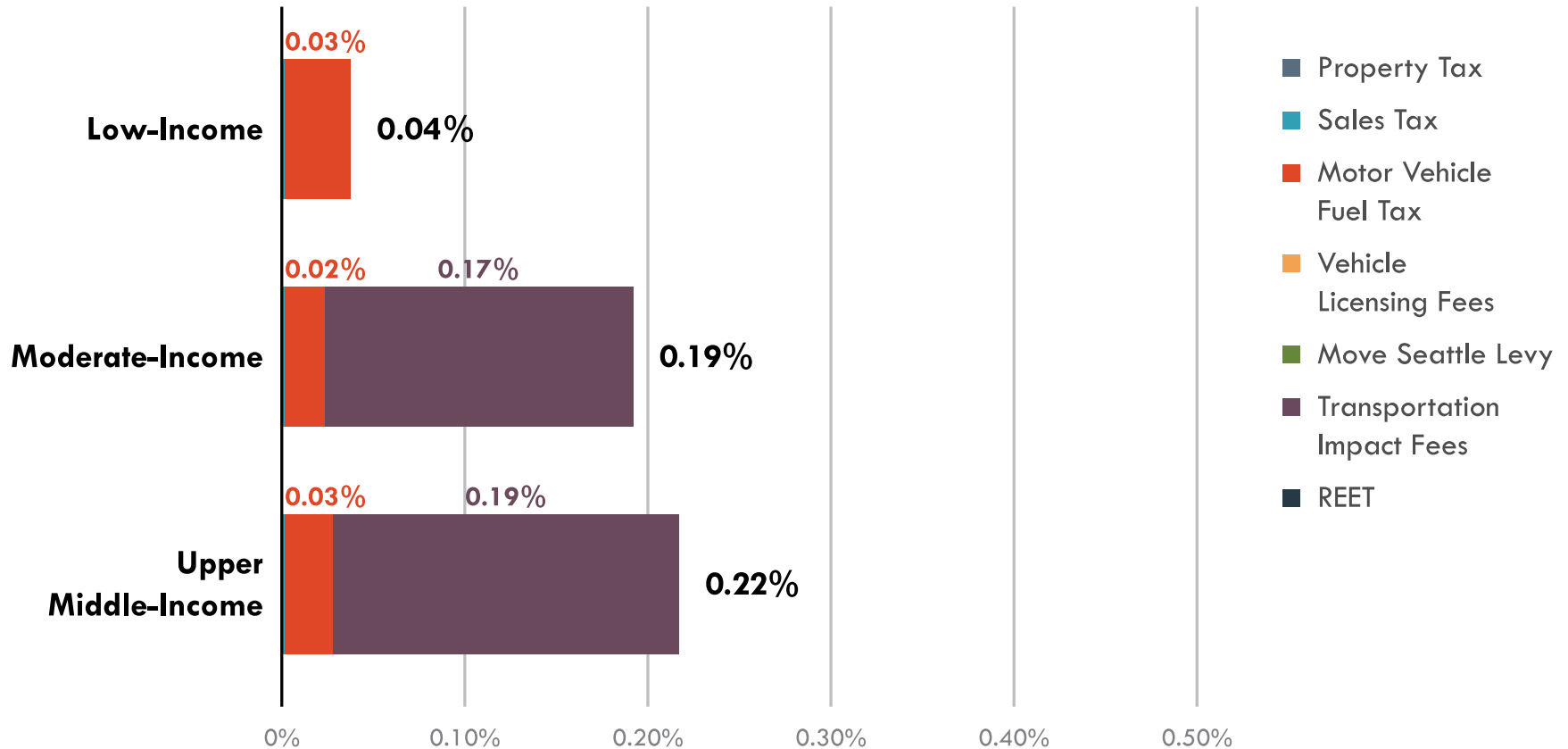
# Total Potential Cost Burden: Bellevue

## Total Potential Cost Burden as % of Household Income by Household Type (2018)



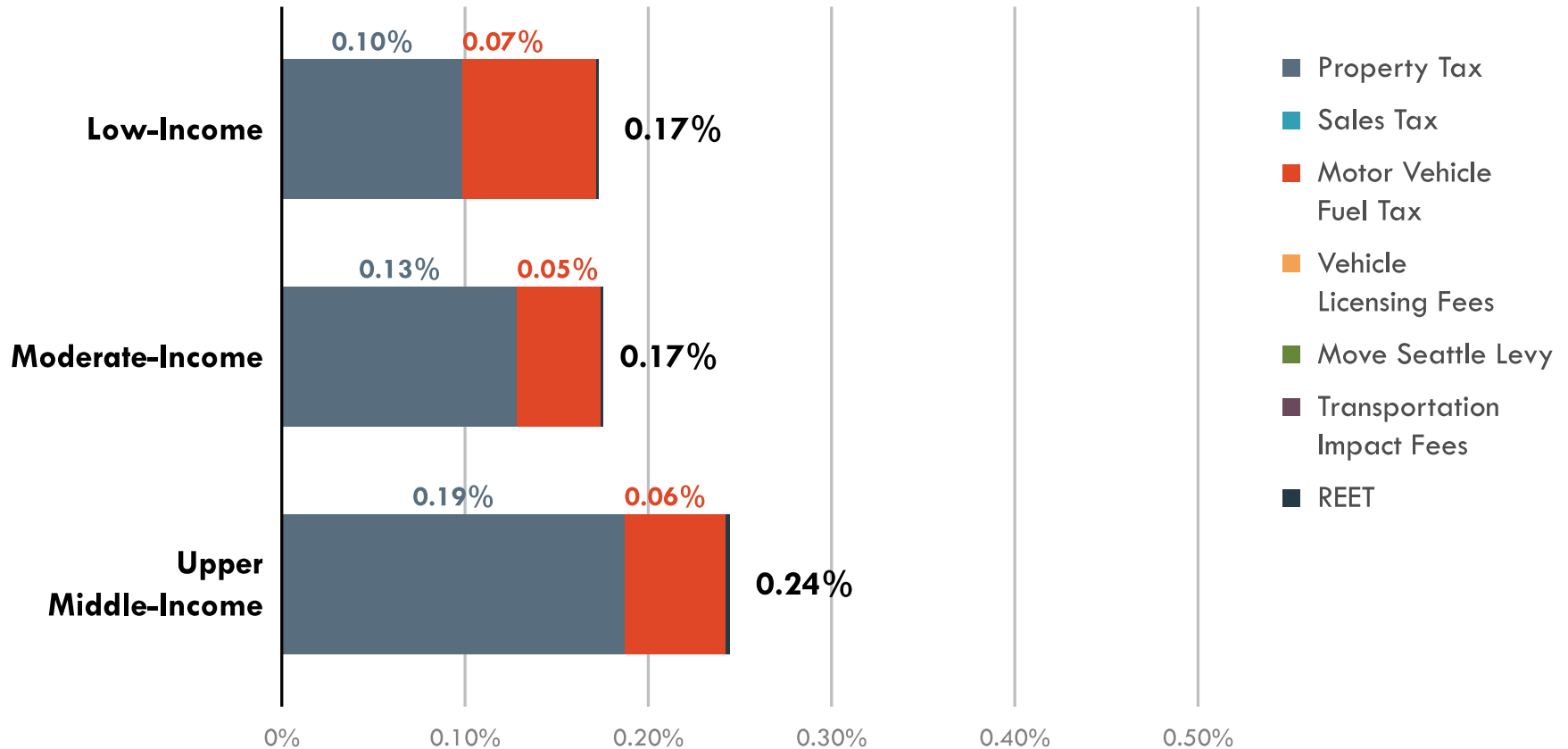
# Total Potential Cost Burden: Kent

## Total Potential Cost Burden as % of Household Income by Household Type (2018)



# Total Potential Cost Burden: Uninc. King County

## Total Potential Cost Burden as % of Household Income by Household Type (2018)



# III. Findings

# Findings

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- Seattle has **higher direct household cost burden** across all household types.
- Bellevue and Kent have **higher potential indirect costs**, due to reliance on impact fees and REET.
- **Total potential cost burden** for households in Seattle and Bellevue are similar.
  - However, not all households in Bellevue would bear the potential indirect costs of impact fees.



# Who could bear the cost of impact fees?

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- Impact fees would increase the cost of new development in Seattle.
  - ❑ There is uncertainty regarding how these costs could affect housing production overall.
  - ❑ If housing production decreases as a result of impact fees, then all renters and homebuyers could see their costs rise due to increased competition.
- Housing developers could potentially pass on the costs of impact fees to renters or home purchasers, depending on market conditions.
  - ❑ Households renting or buying new housing would be more likely to see their costs rise.
  - ❑ Residents that rent or buy older housing would be less likely to see their costs rise.

# Transportation Impact Fee Implementation

## Three Steps:

### Step 1 - Comprehensive Plan Amendments

- Incorporate a list of projects eligible for impact fee expenditures into the Comprehensive Plan
  - SEPA threshold determination appealed to the City Hearing Examiner
  - Hearing Examiner decision on appeal expected by mid-August

### Step 2 – Fee Schedule and Program

- Policy and regulatory decision on a fee schedule, exemptions, and other procedural requirements

### Step 3 – Budget Amendments

- Amendments to the proposed 2020 budget to appropriate anticipated revenue and authorize expenditures

# Next Steps - Contingent on Hearing Examiner Decision

- August – September
  - Committee discussion and action on Comprehensive Plan amendment legislation and
  - Discussion and potential action on implementing regulations
- September - October
  - Discussion of potential amendments to the Mayor's proposed budget based on an impact fee program
- November
  - Potential Full Council action on Comprehensive Plan amendments, implementing regulations, and associated budget amendments